Service Supply Chain Survey 2018

April 26, 2018

pwc

SLF
SERVICE LOGISTICS FORUM

PwC Service Supply Chain Survey 2018

- A Service Supply Chain Survey - Why?
- PwC Service Supply Chain Survey
- Service-Maturity-Model
- PwC Service-Maturity-Matrix
- Validation of the 5 key Service Supply Chain Elements

A Service Supply Chain Survey - Why?

Industrial companies are exposed to

- **Prices and margins** in traditional sales channels **under pressure**
- **Costs of raw materials** and technology are either stable or on the rise
- Many organisations encounter a **major impact on** their **margins**
- **High product competition**

Long term Solution

- **better integration of products** within the service supply chain
- **innovative service supply chain offering** will secure competitiveness
- **Transformation** to completely new business models.

Ownership of an asset isn't any longer what brings value, it is the output of that asset

PwC Service Supply Chain Survey

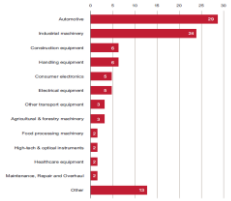
How mature is your service supply chain?

700 companies contacted

10% response

74 companies answered the survey

15+ industries



18 countries, mostly in Europe

50% has service offering

Half of the respondents only offer spare parts without service

Timeline

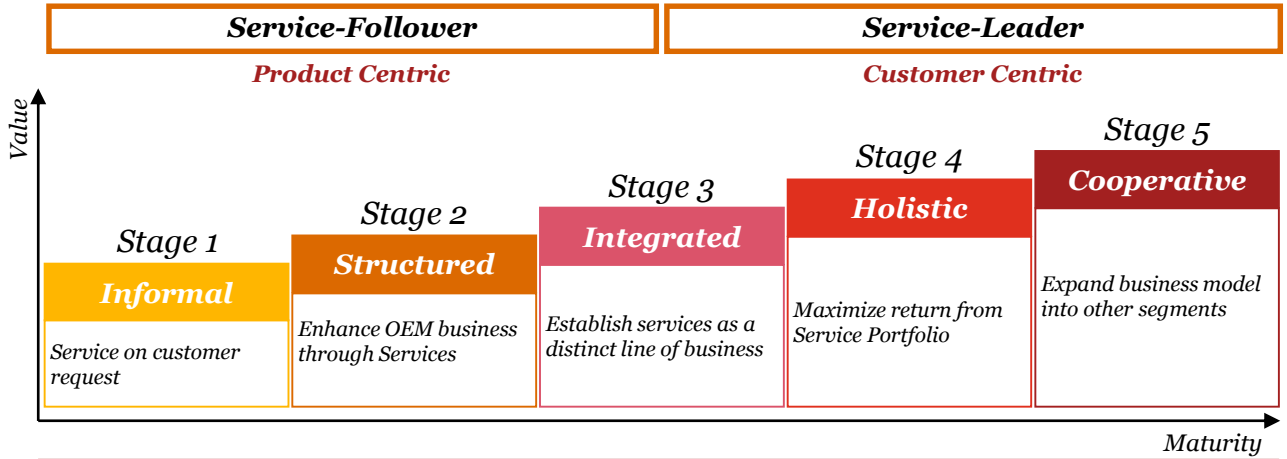
October 20
Launch of the survey

December 31
- Survey results collected
- Last phone calls

January 31
Report ready for marketing

End result is our Service Supply Chain report

The PwC Service-Maturity-Model outlines the way from Service-Follower to Service-Leader



- Reactive service
- Cost & Revenue oriented
- Fragmented organization, no own P&L
- Spare parts mixed with production
- Front and back office decoupled, volatile service delivery and quality

- Proactive service
- Solution oriented
- Service as a separate BU
- Dedicated service parts, ranked on criticality and forecasts based on predictive models
- Remote diagnostics, first fix rate and reaction time set industry standard

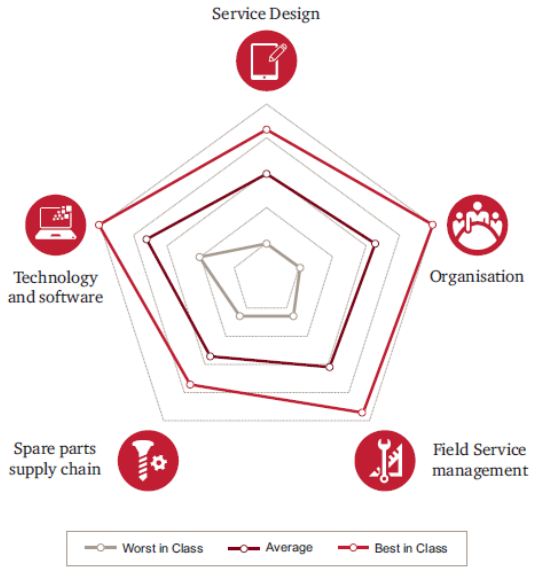
PwC Service-Maturity-Matrix

	Stage 1 Informal	Stage 2 Structured	Stage 3 Integrated	Stage 4 Holistic	Stage 5 Cooperative
Service design & Pricing	• Reactive service based on customer request • Cost based pricing • No pricing differentiation	• Service as a support for sales • Offering is basic: installation and maintenance	• Service portfolio meets customer's needs throughout the lifecycle • Pricing based on Total Cost of Ownership	• Preventive maintenance • Responsible for the uptime of installed base through service contracts	• Service is part of the total value offering • Value based pricing • Selling outcome instead of assets
Organisation	• Service processes informal and undefined • Fragmented service organisation	• Service is often part of other business functions	• Service activities consolidated into one business unit with own P&L	• Service as a cross-enterprise process in which all divisions participate	• Service activities in an independent organisation with its own C-level management
Field Service Management	• Field service engineers non existent or didn't receive training • No structured follow up for warranty • No program to capture customer feedback	• Field service acts proactive • Warranty is followed up based on customer claims • Returns authorised by commercial team	• Field service engineers get regular training • Full warranty tracking, without root-cause analysis • Technical staff validates returns	• Field service strongly connected to back-office • Warranty tracking with root-cause analysis • Validated returns with a feedback loop to R&D	• Field service engineers get relevant information upfront • Field service uses advanced digital technologies to support them in the field
Spare parts supply chain	• Service parts stored with production parts • No forecast, replenishment based on experience	• One centralised but dedicated warehouse for spare parts • Replenishment based on re-order point, min-max,…	• Dedicated service part inventory on different locations • Forecast based on historic data	• Interdependencies between locations taken into account • Forecast based on installed base and market information	• Virtual stock principles across the network • Critical customers have dedicated spare parts inventory • Forecast based on predictive models/machine learning
Technology & Software	• Limited service solutions • Service is not consistently measured	• Simple standardized service solutions • Service quality measured against target values	• Differentiated business processes support service strategies • High attention to service quality data	• Clear differentiated solutions in the market • Service quality feedback used in shaping future services	• Complex offerings developed with leading clients • Service data shared with partners to drive performance

Validation of the 5 key Service Supply Chain Elements

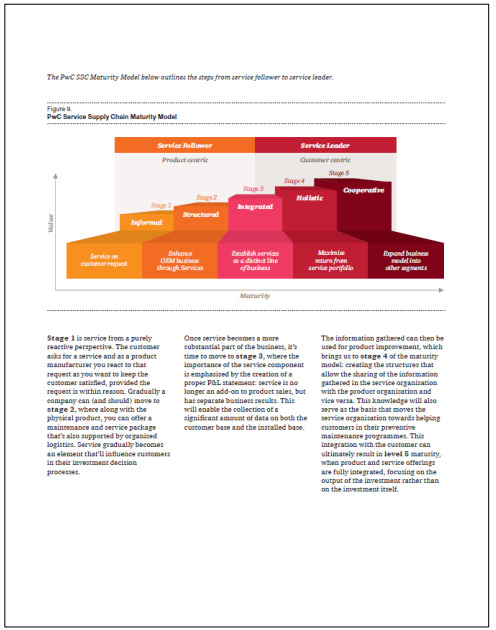
Every company is assessed on these elements and benchmarked with the market.

1. **Service design and pricing**
2. **Organisation**
3. **Field service management**
4. **Spare parts supply chain**
5. **Technology and software**



Service Supply Chain report

LINK: [Service supply chain report]



Contact details

Move Forward

ruben.coetsier@pwc.com
+32 475 73 53 20

www.pwc.be

© 2018 PricewaterhouseCoopers. All rights reserved. “PricewaterhouseCoopers” refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.